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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**
NEVADA APPAREL CORP.,

Plaintiff,

Civil Action No.: 1:06-cv-03986-DLC

v.

ARCADIA GROUP BRANDS LIMITED,

Defendant.

**DECLARATION OF SHLOMI ASHER IN SUPPORT OF NEVADA APPAREL
CORPORATION'S MOTION FOR A PRELIMINARY INJUNCTION**

Shlomi Asher hereby declares as follows:

1. I am the President of Nevada Apparel Corporation ("Nevada Apparel"), Plaintiff in the above-referenced civil action.
2. I submit this Declaration in support of Nevada Apparel's Motion for Preliminary Injunction.
3. I make this Declaration based upon my personal knowledge of the facts and a review of the records maintained by Nevada Apparel. If called as a witness, I would testify as follows.
4. Nevada Apparel is a significant and growing manufacturer of clothing products sold in the United States.

5. We sell clothing under different brands such as the trademarks SHINE NEW YORK and KLIK among others.

6. In 2001, Nevada Apparel launched a new line of clothing in the U.S. sold under the brand TOPSHOP.

7. Since 2001, we have continuously used the mark TOPSHOP for clothing sold and distributed in the United States.

8. Our line of TOPSHOP clothing includes t-shirts, tops and other women's apparel. A photocopy of a catalog showing the current Spring and Summer collection for 2006 is attached as Exhibit A.

9. Nevada Apparel sells clothing under the mark TOPSHOP through many retailers in the U.S. including Kate Lane and Excursions.

10. The TOPSHOP collection has been growing fast. Over the past five years, our approximate yearly sales of clothing under the mark TOPSHOP has been as follows:

| YEAR | APPROXIMATE SALES |
|-----------------|--------------------------|
| 2001 | 30,000 |
| 2002 | 70,000 |
| 2003 | 110,000 |
| 2004 | 230,000 |
| 2005 | 400,000 |
| 2006 to Present | 1.2 Million |

11. Over the past five years, we have expended significant time and resources in generating sales of clothing under the mark TOPSHOP and in developing the mark as a means to exclusively identify our women's clothing.

12. Among other things, Nevada Apparel maintains showrooms in New York and Los Angeles to promote our clothing sold under the TOPSHOP mark.

13. Nevada Apparel also maintains an extensive Internet web site at www.topshopus.com, where we actively promote, advertise and sell our TOPSHOP branded products. Printouts from the web site are attached as Exhibit B.

14. Nevada Apparel also promotes and solicits orders for the TOPSHOP brand of clothing at important industry trade shows such as the MAGIC clothing trade show in Las Vegas. The mark TOPSHOP appeared in the list of participants attending that trade show in 2005, and we expect it to appear again in 2006, and thereafter.

15. Nevada Apparel has sought and received media attention to promote its TOPSHOP line of women's clothing.

16. Upon information and belief, Women's Wear Daily, a leading garment trade journal, intends to publish an article later this month featuring Nevada Apparel and our TOPSHOP brand in a section titled "Where Americans Shop."

17. We about to run advertisements in widely circulation publications such as *The New York Times*.

18. Through our significant sales of clothing under the mark TOPSHOP over the past five years in the U.S., and the extensive advertising and promotion of the mark over that period, we have developed, and continue to develop, a source of substantial consumer goodwill in the mark TOPSHOP for women's clothing. The mark TOPSHOP represents a very valuable asset for us.

19. After many solicitations by Nevada Apparel over the past few years, Macy's has recently placed a significant order with us to purchase our TOPSHOP brand clothing for retail sale at Macy's stores.

20. Upon information and belief, Macy's intends to feature Nevada Apparel's line of TOPSHOP clothing in an upcoming product catalog.

21. After many solicitations by Nevada Apparel over the past few years, Nordstrom has also agreed to order our clothing sold under the mark TOPSHOP for retail sale at Nordstrom stores.

22. Upon information and belief, Nordstrom intends to promote our TOPSHOP clothing in its famous and widely distributed annual catalog.

23. Based upon my experience and knowledge of the retail clothing industry, it is quite difficult and time consuming for a large retail clothing store, or clothing department of a department store, to purchase a brand name that it had not previously purchased. This year, Nevada Apparel has finally achieved such acceptance for its TOPSHOP brand among large retail clothing department stores such as Macy's and Nordstrom.

24. In 2007, we estimate that Nevada Apparel will generate sales of clothing under the mark TOPSHOP of over \$2.5 million. The sales potential for the brand is enormous.

25. I understand that a British company named Arcadia Group Brands Limited ("Arcadia"), the defendant in this civil action, has opposed our application to register the mark TOPSHOP for clothing in the United States Patent and Trademark Office.

26. I also understand that Arcadia operates clothing retailers stores under the name and mark TOP SHOP in the United Kingdom.

27. I further understand that Arcadia claims that its name and mark TOP SHOP is famous among consumers in the United States. However, I do not believe that the average American consumer is even remotely familiar with the name and mark TOP SHOP of Arcadia.

28. Indeed, I do not believe that Arcadia has ever even sold or distributed any goods, or provided any services, to consumers in the U.S. under the name and mark TOP SHOP, especially before we began commercializing the mark TOPSHOP for clothing in the U.S. in 2001.

29. Upon information and belief, Arcadia is imminently preparing to commercialize TOP SHOP as a name and mark in the U.S. for retail store services selling women's clothing and for clothing.

30. The front page article in the May 3, 2006 edition of the New York City based Women's Wear Daily newspaper announced "The British Invasion: Topshop Aims to Open Flagship in New York." A copy of the article is attached as Exhibit C.

31. According to the article in Exhibit C, Arcadia plans to open a retail store selling women's clothing under the name TOP SHOP in Manhattan in the Spring of 2007.

32. In the article shown in Exhibit C, Philip Green, identified as Arcadia's owner stated "[i]f we enter [the United States], we're not going to be low key."

33. According to the Exhibit C article, Arcadia is even planning to put its entire store online on an international basis in June. This presumably includes making its internet web site accessible to consumers in the U.S. sometime this month.

34. Arcadia's announced plans to enter the U.S. retail store market under the mark TOP SHOP have already interfered with our business dealings with our customers.

35. Nordstrom and Macy's have required Nevada Apparel to obtain insurance specifically against a claim or lawsuit for infringement against them if they sell our TOPSHOP brand goods which they have ordered, may order in the future, and which they will be advertising. Such insurance costs are a direct out-of-pocket expense to Nevada Apparel.

36. The cloud on our rights to the trademark TOPSHOP for clothing caused by Arcadia and its plans to use the identical mark in the U.S for its retail stores has and will make it difficult for us to obtain any additional insurance necessary to sell our goods in the retail stores of others.

37. It took Nevada Apparel years to have Macy's and Nordstrom order its TOPSHOP brand of clothing. Upon information and belief, it may take Nevada Apparel years more to convince Macy's and Nordstrom to order from Nevada Apparel under a different product name, if they ever again might deal with us.

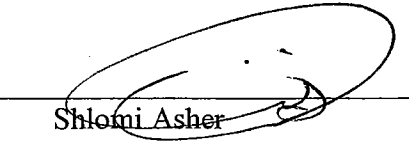
38. Upon information and belief, due to Arcadia's apparent substantial size and sales abroad, and plans for its business in the United States, Arcadia's store name and trademark TOP SHOP will so overwhelm the Nevada Apparel's TOPSHOP brand name and mark, that Nevada Apparel's brand name and mark will likely be made worthless to Nevada Apparel's present and future customers, and Nevada Apparel's TOPSHOP goods will be confused by its retail store customers and by the purchasing public as being Arcadia's TOP SHOP goods, when they are not.

39. Arcadia's conduct has already caused and, unless and until enjoined and restrained by order of this Court, will continue to cause loss of Nevada Apparel's reputation in our name and in our mark TOPSHOP and in our business relationships with our customers.

40. Upon information and belief, the aforesaid activities of Arcadia have been committed in bad faith with willful disregard for Nevada Apparel's prior U.S. trademark rights.

I hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: June 14, 2006
New York, New York


Shlomi Asher